

1 CHAIRMAN JAMES: Mr. Heidel?

2 MR. HEIDEL: Good morning, members of the commission
3 and welcome to --

4 CHAIRMAN JAMES: I'm sorry. Please excuse me. We do
5 have one more and it's L.M., and we're just using the initials
6 here.

7 Thank you. Please go right ahead.

8 MR. HEIDEL: Yes, ma'am. Good morning, members of
9 the commission, and welcome to the Mississippi Coast. My name is
10 Jimmy Heidel. I've served since 1992 as the Executive Director
11 of the Mississippi Department of Economic and Community
12 Development.

13 My department of the Mississippi state government has
14 aggressively sought to build our state's economy through
15 recruitment of new business and expansion of ones that are
16 already here. First, I want to thank you for bringing this
17 important hearing to one of the nation's newest gaming venues.

18 The Mississippi Gulf Coast, the Mississippi Delta
19 region, Tunica, and the gaming facilities in place along the
20 Mississippi River are important contributors to a resurgent
21 Mississippi's economy.

22 The jobs, capital investment, economic stability,
23 indeed growth, have been a welcome addition in a capital poor
24 state where, once upon a time, our workers lacked the skills
25 necessary to compete in a global environment.

26 Once upon a time, gaming did exist in Mississippi, as
27 it did pretty much under local options across America. The white
28 sandy beaches of the Mississippi Coast and the gentle rolling
29 waters of the mighty Mississippi were the world's playground as

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1 people came from all over to bask in the sunshine and be
2 entertained with games of skill and chance.

3 Once upon a time, Tunica County, in the heart of the
4 Mississippi Delta, was characterized as the Ethiopia of America.
5 Harsh criticism from none other than the Reverend Jesse Jackson,
6 who likened the desolation and hopelessness of Tunica to a third
7 world country.

8 Tunica had the lowest per capital income in any
9 county in America. The word jobs hardly exist in the local
10 vocabulary. Once upon a time, too many Mississippi workers held
11 low paying, low self-esteem jobs based on an agricultural way of
12 life that was changing as the demands of the modern world hit
13 here, too.

14 And once upon a time nearly 30 years ago, a hurricane
15 named Camille came close to knocking the Mississippi Gulf Coast
16 off the map. Today if you look closely, you can see that Camille
17 did succeed in cutting one of our offshore islands in half.

18 The devastation to a fundamental industry tourism was
19 incredible and was a devastation -- as was the devastation to
20 personal lives. But today we're not concerned about the past.
21 We are about the future.

22 We have come asking important questions which deserve
23 our best -- you have come asking important questions which
24 deserve our best answers and judgements. I come to you today as
25 an economic development professional with more than 30 years
26 experience who has been charged with the mission of finding new
27 jobs, new opportunities and new hope for Mississippi.

28 More than half of my professional career was spent
29 working in one of the most economically depressed regions of the

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1 country, the Mississippi Delta. I can tell you from firsthand
2 experience that the difference between then and now is nothing
3 short of profound and part of the vastly improving economy is due
4 to new opportunities created by the gaming industry.

5 After all, the role of government in economic
6 development is to help create jobs and expand the tax base,
7 lifting families higher on the economic scale. And as an
8 economic development professional, I submit to you that gaming,
9 as it's being regulated, licensed, taxed in Mississippi, is
10 economic development in the purest form.

11 In fiscal year 1998, gaming produced state tax
12 revenues of more than \$250 million according to the State Tax
13 Commission. That's up from about \$44 million in tax revenues for
14 the first full year of legalized casinos in Mississippi in 1993.

15 Casino gaming has clearly contributed to the rising
16 wage rates in Mississippi. Since 1990, per capita income in
17 gaming counties has risen 48 percent, and just as significantly,
18 per capita income is up at least 37 percent in the other
19 Mississippi counties.

20 Casino companies came to Mississippi, applied for
21 license and had to gain approval by the Mississippi Gaming
22 Commission before they could take a single bet. They came and
23 they built largely with their own money. This is an important
24 point.

25 Casinos, unlike most of our recruited businesses, ask
26 for little in the way of traditional state incentives. Many of
27 these casino companies are large, publicly traded corporations
28 which answer to shareholders in Wall Street, not to mention a
29 host of regulatory agencies.

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1 Companies such as Hilton, Sheraton and Mirage had
2 successful track records in other gaming jurisdictions. They
3 came with incentive packages of their own for their employees.

4 Incentives required by the competitive nature of the
5 business such as health care, child care, stock options,
6 retirement plans all contribute towards the well-being of workers
7 and the community's quality of life.

8 These generous fringe benefit packages, which some
9 have estimated as high as 28 percent of wages, attract good
10 people to good jobs, again, a classic definition of successful
11 economic development. Suffice it to say that people with good
12 paying jobs make more productive members of the society.

13 A regular paycheck and the basic handle on the
14 responsibility of personal financial management give them better
15 means of supporting their families. And all of that is to good.

16 From an economic development perspective, legalized
17 casinos in Mississippi have spawned a variety of secondary
18 growth, all of which is helping to diversify the Mississippi
19 economy: hotel, golf courses, restaurants, related food
20 services.

21 And I also add home building, retail -- realtor
22 services, hardware stores, retail stores, media advertising,
23 printing companies, utilities services, dry cleaners and
24 laundries and a variety of other recreational and entertainment
25 options.

26 Casinos have also influenced the Mississippi
27 employment picture in another way. As they hired trained workers
28 for high skilled positions, more entry level positions opened up

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1 for fresh workers to enter the labor pool. Let me just give you
2 one example.

3 Mr. Baker is the human resource person for Grand
4 Casino in Tunica. He started a program in this state of hiring
5 welfare workers. He found, real quick, low self-esteem, so low
6 that they could not look him in the eye when they were
7 interviewing for jobs.

8 Today his program is a very successful program. Out
9 of the 206 people that he's trained and started working at the
10 casino, 183 of them are still there. Some of them have moved to
11 higher management positions.

12 The land based requirement implemented by the Gaming
13 Commission helped ensure the development which will continue over
14 a long term. The question has been raised as to whether the
15 casinos benefit long-term residents or newcomers.

16 My answer is both. Economic development in depressed
17 areas would seem to benefit long-time Mississippians the most
18 through the collection of more tax money which can be used to
19 build and repair local roads and bridges, improve local education
20 and take other steps to improve the quality of life.

21 And yet newcomers also contribute significantly to a
22 community's stability. Mississippi's casinos have progressed
23 well in six years and the best position of governments at all
24 levels might be well be to let the market itself influence the
25 future.

26 The fact is that an evolution in the business is
27 already underway as Mississippi moves closer to a true resort
28 destination status. This will tend to separate national and

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1 local market casinos which, in turn, will exert new pressures and
2 open up new opportunities for each.

3 We did a survey in 1993 on the perception of the
4 State of Mississippi. We surveyed surrounding states, hundreds
5 of average people on the street. The perception of Mississippi
6 at that time was dark, gray, swamps, alligators, racist, barefoot
7 coverall people. How do you change that perception?

8 90 percent of the people said they'd never been to
9 Mississippi. Where did they get their information? They got it
10 from the news media and from movies. So how do you change the
11 perception?

12 We had spent prior to coming on board -- me coming on
13 board in '92, \$3 million to try to change the perception of
14 Mississippi. I submit to you people coming to the state and
15 seeing it firsthand, that's how you change the perception.

16 75 percent of the people visiting casinos in the
17 State of Mississippi come from outside the state. They first
18 came overnight. Now they're coming for two and three and four
19 days at a time. They're playing golf, they're going fishing,
20 they're looking at our museums, they're enjoying the coastal
21 things of Mississippi and the perception has changed.

22 How much has it changed? It changed a great deal.
23 It has spurred corporate America to take a real good look at the
24 state. We have more industries and corporations looking at the
25 State of Mississippi than we ever have in the history, and I'm
26 not talking about small projects, I'm talking about projects
27 exceeding \$400 million in investment, some as high as 1.6
28 billion.

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1 It's fair to say that due to the way Mississippi
2 legalized casinos, all of the 82 counties are sharing in the
3 revenue even though just eight counties have casinos.

4 Two prominent counties which have turned down
5 casinos, Jackson County and DeSoto County, are prime examples of
6 exploding real estate markets and auxiliary business development
7 because of their proximity to the casinos.

8 In fact, all across Mississippi, non-casino counties
9 are enjoying the benefits of tax revenues produced by the
10 casinos. With state help, they are building local facilities
11 such as community parks, new horse arenas, better roads and
12 bridges, making transportation safe and more reliable.

13 I want to close these prepared remarks with a story
14 of how once upon a time Mississippi lured a new business with
15 state and local tax incentives and exemptions. Elaborate
16 training programs, a variety of upgrades to roads and bridges and
17 water and electrical services.

18 The cost in 1960 dollars was about 130 million, and
19 for that price mississippi began to build a first-class world
20 renowned industry today -- that today produces the finest and
21 most modern ships in the U.S. Navy fleet. That business was
22 Ingalls Shipbuilding in Pascagoula.

23 We believed that new jobs were essential to economic
24 growth that we needed to seize an opportunity. Yes, the jobs
25 have been good. Thousands of skilled workers have earned a
26 paycheck, paid their taxes, sent their children to college,
27 bought groceries and gas, gave money to their churches and maybe
28 even put a little away from retirement.

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1 Through the fortunes of technology and the nature of
2 conflict resolution, Ingalls today employs fewer people than it
3 did at its height. But my point is that we made an investment.
4 We floated the state-backed bonds and performed other tasks to
5 create new jobs because we had confidence in the long term
6 viability of this traditional industrial manufacturer.

7 We have not faltered in our conviction that this
8 is -- was a wise investment and it continues to pay huge
9 dividends over and over above initial expectations. Should our
10 confidence now be any less in the long term future viability of a
11 non-traditional which was invited to the State of Mississippi and
12 came, asking a lot less of us as a state up front?

13 As a professional economic developer, I believe that
14 the casino marketplace in Mississippi also represents an
15 opportunity which we must seize. The market will find its own
16 best route to the future. Here in Mississippi, gaming is built
17 up by private enterprise.

18 It's neither propped up by artificial government
19 support nor strangled by overzealous government regulations.
20 Casino companies will rise or fall by the strength or the
21 weakness of their pull on the entertainment dollar. I believe
22 that that's as it should be.

23 Thank you very much for the opportunity to offer
24 these comments and I'll be happy to answer any questions.

25 CHAIRMAN JAMES: Thank you.

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